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# HALLNOR MINES, LIMITED

## 1967 ANNUAL REPORT



A MEMBER OF THE NORANDA GROUP OF COMPANIES



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# HALLNOR MINES, LIMITED

EXECUTIVE OFFICE: SUITE 1700 — 44 KING STREET WEST, TORONTO 1

## DIRECTORS

W. G. Brissenden	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
R. V. Porritt	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
W. S. Row	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
D. E. G. Schmitt	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto
J. H. Stovel	-	-	-	-	-	-	-	-	-	-	-	-	-	Toronto

## OFFICERS

R. V. Porritt	-	-	-	-	-	-	-	-	-	-	-	-	-	President
W. S. Row	-	-	-	-	-	-	-	-	-	-	-	-	-	Vice-President
R. C. Ashenhurst	-	-	-	-	-	-	-	-	-	-	-	-	-	Secretary
E. K. Cork	-	-	-	-	-	-	-	-	-	-	-	-	-	Treasurer

## GENERAL MANAGER

D. E. G. Schmitt

## TRANSFER AGENT AND REGISTRAR

Canada Permanent Trust Company  
Toronto

## ANNUAL MEETING

April 11, 1968 — 11:00 a.m. (Toronto Time)  
Suite 1700 — 44 King Street West

## DIRECTORS' REPORT TO THE SHAREHOLDERS

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Four dividends of 4¢ each were paid in 1967 and a further 4¢ dividend has been declared payable March 1, 1968.

The tonnage and average grade of ore treated during the year and the value of gold recovered were almost the same as in 1966. However, production costs were higher due to the expenditure on shaft sinking and to higher wage rates and welfare costs as well as an increased assessment by the Workmen's Compensation Board. Lower taxes and higher E.G.M.A. credits were offsetting factors.

The year-end ore reserves are sufficient for about 18 months of production but include only ore above the 28th level. While there will probably be some additions to these reserves, it is obvious that the longer term depends on the results of development of the new deep levels and that this work must be done without delay.

The extension of the Emergency Gold Mining Assistance Act until the 1970 year end is a very helpful factor in rational forward planning.

An extraordinary profit of \$526,300 arising from the sale of a shareholding in Texas Gulf Sulphur has been excluded from net profit on operations and added to retained earnings.

Your Directors extend their appreciation of the loyal and able services rendered during the year by your Manager, Mr. Marshall, and his staff and employees.

On behalf of the Board,

Toronto, Ontario,  
January 30, 1968.

R. V. PORRITT,  
President.

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EARNINGS PER SHARE	1967	1966
Operating Profit (Loss) .....	(9.4¢)	2.9¢
E.G.M.A. Credit .....	16.2	11.8
	6.8	14.7
Investment Income .....	16.1	14.5
	22.9	29.2
Income and Production Taxes .....	1.3	7.0
	<u>21.6¢</u>	<u>22.2¢</u>

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## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
REVENUE		
Metal production .....	\$1,925,992	\$1,896,877
Income from investments		
Dividends and bond interest — associated and affiliated companies	193,807	128,307
Other dividends and interest earned .....	109,762	152,714
Profit on sale of investments .....	19,330	9,717
	<u>2,248,891</u>	<u>2,187,615</u>
EXPENSE		
Cost of metal production, including mining, milling, delivery and mint charges .....	2,040,784	1,652,605
Administrative and general expenses .....	36,245	37,948
Depreciation .....	37,615	35,834
Development costs written off .....	—	113,070
	<u>2,114,644</u>	<u>1,839,457</u>
Less recoverable under The Emergency Gold Mining Assistance Act ....	324,458	236,221
	<u>1,790,186</u>	<u>1,603,236</u>
	458,705	584,379
Provided for income and production taxes .....	<u>26,625</u>	<u>140,557</u>
NET PROFIT ON OPERATIONS FOR THE YEAR .....	432,080	443,822
Extraordinary profit on sale of investment .....	526,327	277,786
	<u>958,407</u>	<u>721,608</u>
RETAINED EARNINGS		
Balance, beginning of year .....	4,794,310	4,392,702
	<u>5,752,717</u>	<u>5,114,310</u>
Less dividends .....	320,000	320,000
Balance, end of year .....	<u>\$5,432,717</u>	<u>\$4,794,310</u>

# HALLNOR M

(Incorporated under the laws of the Province of Ontario)

## BALANCE SHEET

(with comparative figures for 1966)

### ASSETS

	1967	1966
<b>CURRENT ASSETS</b>		
Cash and short term deposits .....	\$ 505,023	\$ 917,076
Bullion .....	258,082	146,874
Marketable investments — at cost (quoted market value \$28,170) .....	29,515	2,432,631
Accounts, notes, interest and dividends receivable .....	71,533	39,992
Receivable under The Emergency Gold Mining Assistance Act .....	137,100	85,800
	<u>1,001,253</u>	<u>3,622,373</u>
<b>INVESTMENTS — at cost, less amounts written off</b>		
Shares and bonds — associated and affiliated companies (quoted market value \$8,722,553) .....	<u>5,295,173</u>	<u>2,112,798</u>
<b>DEFERRED AND PREPAID ITEMS</b>		
Stores — at cost .....	222,365	207,785
Miscellaneous .....	20,844	13,284
	<u>243,209</u>	<u>221,069</u>
<b>FIXED ASSETS</b>		
Mine properties — at cost .....	362,500	362,500
Plant, buildings, equipment and townsite — at cost .....	1,503,858	1,475,513
Accumulated depreciation .....	1,403,836	1,366,493
	<u>100,022</u>	<u>109,020</u>
	<u>\$7,002,157</u>	<u>\$6,427,760</u>

### AUDITORS' REPORT

We have examined the balance sheet of Hallnor Mines, Limited as at December 31, 1967 and the statements of operations and retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Ontario,  
January 30, 1968.

the laws of Ontario)

at December 31, 1966)

	1967	1966
CURRENT LIABILITIES		
Accounts payable .....	\$ 225,240	\$ 167,100
Taxes payable (recoverable) .....	(22,200)	96,850
	<u>203,040</u>	<u>263,950</u>
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS .....	<u>28,900</u>	<u>32,000</u>
CAPITAL STOCK AND RETAINED EARNINGS		
Capital stock		
Authorized, issued and fully paid		
2,000,000 shares of \$1 each .....	2,000,000	2,000,000
Discount thereon .....	<u>662,500</u>	<u>662,500</u>
	1,337,500	1,337,500
Retained earnings .....	<u>5,432,717</u>	<u>4,794,310</u>
	<u>6,770,217</u>	<u>6,131,810</u>
Signed on behalf of the Board:		
R. V. PORRITT, Director		
W. S. ROW, Director		
	<u>\$7,002,157</u>	<u>\$6,427,760</u>

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.,  
Chartered Accountants.

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1967

(with comparative figures for the year 1966)

	1967	1966
WORKING CAPITAL, beginning of year .....	<u>\$3,358,400</u>	<u>\$2,835,400</u>
SOURCE OF FUNDS		
Operations —		
Net profit for the year .....	432,100	443,800
Depreciation .....	37,600	35,800
Deferred development write-off .....	—	113,100
Extraordinary profit on sale of investments .....	526,300	277,800
Sale of investments .....	47,000	64,300
	<u>1,043,000</u>	<u>934,800</u>
APPLICATION OF FUNDS		
Dividends .....	320,000	320,000
Fixed assets .....	28,600	18,900
Deferred taxes .....	3,100	73,000
Miscellaneous deferred items .....	22,100	(100)
Investments in associated companies .....	3,229,400	—
	<u>3,603,200</u>	<u>411,800</u>
NET INCREASE (DECREASE) .....	<u>(2,560,200)</u>	<u>523,000</u>
WORKING CAPITAL, end of year .....	<u>\$ 798,200</u>	<u>\$3,358,400</u>

## MANAGER'S REPORT

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The President and Directors:

This report summarizes operations for the year 1967.

### MINE

#### Development

On the 27th (4150') level the drift on 19 Vein was extended 240 feet of which 90 feet was ore grade. A total length of 140 feet of ore has been confirmed.

No. 3 shaft was deepened 610 feet to establish four new levels at 150' intervals below the 28th (4300') level. Development of these new levels will begin in March 1968.

Diamond drilling totalled 26,890 feet in 174 holes comprising 9,990 feet for stope outline and control, 580 feet for hydraulic transfer of tailings backfill and 16,320 feet for exploration of lava formations on the lower levels. Intersections on 15 Vein below the 24th (3700') level indicated continuation down to the 26th (4000') level.

#### Development Summary

	Feet of Advance	
	1967	1966
Drifts and Crosscuts .....	1,510	3,300
Raises .....	750	1,160
Stope Preparation .....	6,260	5,950
Diamond Drilling .....	26,890	28,030
Shaft Sinking .....	610	—

#### Stoping

Ore broken in stopes amounted to 130,500 tons and 130,400 tons were trammed. The broken reserve at year end was approximately 13,900 tons. Tonnage hoisted in No. 3 shaft from below the 22nd (3350') level amounted to 79% of the total, compared with 71% in 1966.

The hydraulic fill system conveyed 44,700 tons of classified tailings from the mill to stopes below the 21st (3200') level. In addition, 1,500 tons of sand and 2,900 tons of development rock were placed for backfill.

The following tabulation lists production of ore by levels for the year 1967, and since production commenced in June 1936.

Level	Below Surface (Feet)	Production — tons	
		1967	Total 1936 to 1967
1st to 8th .....	1,400	18,095	2,578,115
18th .....	2,750	1,670	27,305
19th .....	2,900	6,450	248,210
20th .....	3,050	—	128,090
21st .....	3,200	—	40,605
22nd .....	3,350	955	13,915
23rd .....	3,500	18,450	60,845
24th .....	3,700	28,560	118,870
25th .....	3,850	20,020	66,545
26th .....	4,000	30,770	98,920
27th .....	4,150	1,890	1,890
28th .....	4,300	3,535	3,535
Stoping Total .....		130,395	3,386,845
Development .....		2,935	238,500
		<u>133,330</u>	<u>3,625,345</u>

## MILL

The mill operation was continuous throughout the year. The primary ball mill operated 98.1% of the possible running time and averaged 362 tons per day compared to 367 in 1966.

Ore treated was 132,170 tons averaging 0.40 oz. gold per ton. The recovery was 97.0% and production was 50,870 ounces of gold and 2,830 ounces of silver.

To December 31, 1967, the mill had treated 3,621,330 tons of ore yielding 1,422,240 fine ounces of gold and 104,710 ounces of silver, having a combined value of \$52,039,800.

## ORE RESERVES (At January 1st)

	1968		1967	
	Tons	Gold Oz./Ton	Tons	Gold Oz./Ton
Above 8th Level .....	21,900	0.23	21,800	0.21
18th to 22nd Level .....	3,000	0.23	11,100	0.24
22nd to 28th Level .....	174,100	0.42	253,100	0.44
	<u>199,000</u>	<u>0.40</u>	<u>286,000</u>	<u>0.41</u>

Allowance for normal dilution has been made in the above estimates. Mining widths in several stopes on 19 Vein below the 22nd level were narrower than anticipated and proven reserves were re-estimated accordingly.

## GENERAL

I wish to express my appreciation to B. A. Thomson, Superintendent of Mines; D. P. Walli, Mine Superintendent, and his successor W. W. Holmes; J. K. Dever, Mill Superintendent; W. G. Howie, Chief Accountant and his successor G. D. Towers; R. Charron, Maintenance Supervisor, and their staffs, for the loyal and efficient service they have rendered during the past year. I also wish to thank the President, Directors and senior operating staff for their assistance.

Respectfully submitted,

W. J. MARSHALL,  
Manager.

Pamour, Ontario,  
January 15, 1968.



